

Spending and Cutting are Two Different Worlds

Experimental Evidence from Danish Local Councils

Houlberg, Kurt; Olsen, Asmus Leth; Holm Pedersen, Lene

Document Version

Accepted author manuscript

Published in:

Local Government Studies

DOI:

[10.1080/03003930.2016.1189414](https://doi.org/10.1080/03003930.2016.1189414)

Publication date:

2016

License

Unspecified

Citation for published version (APA):

Houlberg, K., Olsen, A. L., & Holm Pedersen, L. (2016). Spending and Cutting are Two Different Worlds: Experimental Evidence from Danish Local Councils. *Local Government Studies*, 42(5), 821-841.
<https://doi.org/10.1080/03003930.2016.1189414>

[Link to publication in CBS Research Portal](#)

General rights

Copyright and moral rights for the publications made accessible in the public portal are retained by the authors and/or other copyright owners and it is a condition of accessing publications that users recognise and abide by the legal requirements associated with these rights.

Take down policy

If you believe that this document breaches copyright please contact us (research.lib@cbs.dk) providing details, and we will remove access to the work immediately and investigate your claim.

Download date: 18. Jun. 2025



Spending and Cutting Are Two Different Worlds: Experimental Evidence From Danish Local Councils

Kurt Houlberg, Asmus Leth Olsen, and Lene Holm Pedersen

Journal article (Post print version)

Cite: Spending and Cutting Are Two Different Worlds : Experimental Evidence From Danish Local Councils. / Houlberg, Kurt; Olsen, Asmus Leth; Holm Pedersen, Lene. In: *Local Government Studies*, Vol. 42, No. 5, 2016, p. 821-841.

This is an Accepted Manuscript of an article published by Taylor & Francis in
Local Government Studies on 03 June 2016, available online:
<http://www.tandfonline.com/10.1080/03003930.2016.1189414>

Uploaded to [Research@CBS](#): December 2016

***Spending and Cutting are Two Different Worlds:
Experimental Evidence from Danish Local Councils***

ABSTRACT

This article investigates politicians' preferences for cutting and spending. The research questions are where do politicians prefer to cut, where do they prefer to spend, and how is this influenced by political ideology? These questions are investigated in a large-scale survey experiment fielded to Danish local councillors, who are randomly assigned to a decision-making situation, where the block grant provided to their municipality is either increased or reduced. The results show, that the politicians' preferences for cutting and spending are asymmetric, in the sense that the policy areas, which are assigned the least cuts when the grant is reduced, are rarely the ones which are assigned extra money, when the grant is increased. Areas with well-organised interests and a target-group which is perceived as deserving are granted more money, whereas policy areas where the target group is perceived as less deserving receive the highest cuts. Ideology matters, as left-wing councillors prefer more vague categories when cutting and prioritise childcare and unemployment policies when increasing spending. In contrast, right-wing councillors prefer to cut administration and increase spending on roads.

Key Words: Budgeting, spending, cutting, tractability, deservingness, local councillors, spending preferences

Introduction

Cutting and spending are two different worlds. How politicians approach the task of cutting is a classical question in the retrenchment literature, and a question with an enduring societal relevance in times of austerity (Korpi & Palme, 2003; Allan & Scruggs, 2004; Elmelund-Præstekær & Emmenegger, 2012). However, the literature on cut-backs tends to follow economic fluctuations and lose momentum in periods of growth, and an intellectual transformation is required in order not merely to focus on strategies for mitigating decline, but rather to develop an understanding of the role of environmental conditions – this being decline or growth – for organisational strategies (Bozeman 2010). In line with this, and in order to be able to analyse and understand the political consequences of recurring periods of austerity and growth, there is a need to focus on the asymmetric logics of cutting and spending in policy making. The retrenchment literature contributes with important insights on the political strategies linked to austerity (Korpi & Palme, 2003; Allan & Scruggs, 2004; Elmelund-Præstekær & Emmenegger, 2012), while theories on the asymmetric distribution of interests in policy making explain how the distribution of costs and benefits influences the allocation of resources (Olson 1973; Wilson 1980; Serritzlew 2005). However, the existence of a negativity bias gives reason to believe that there is an asymmetry between cutting and spending. When presented with a situation in which a person stands to either gain or lose something, the potential costs are granted greater consideration than potential gains (Kahneman and Tversky 1979; Heald and Hood 2014). In line with this, cutting and spending in policy making are likely to follow different logics. The voters are likely to remember cuts more than spending, particularly so when the cuts hit groups, that are portrayed more vividly and as more deserving of public spending. Hence, the preferences stated will vary according to the budgetary tractability of the policy area and the vividness and deservingness of the target group. The tractability of a budget depends on the organisational strength of user interests and employees, as these affects the political costs and benefits

of budget changes. If interest groups are strong the budget is less tractable, as politicians are facing higher pressure for increased spending and for not cutting budgets (Wilson 1980; Serritzlew 2005). The decision on spending and cutting may however also be affected by the deservingness of the target group, ie. the extent to which the receivers are perceived as unlucky victims of external circumstances and thus deserving the service (Cox, 2001).

In times of retrenchment cuts are expected to be relatively small in policy areas with low tractability and a target group perceived as highly deserving, whereas cuts are expected to be relatively high in areas with high tractability and low deservingness. In times of economic growth deservingness is a less important policy dimension and the policy areas most likely to attract additional spending will be the intractable areas, i.e. the areas with well organised interests and concentrated benefits. In other words, politicians will be more reluctant to cut groups that are seen as deserving than to grant them extra money. Thus, the areas that experience the least cuts in times of retrenchment will not necessarily be those that are granted the most money in times of economic growth.

It is difficult to investigate the asymmetries between cutting and spending, as periods of austerity and periods of growth do not occur simultaneously. One way to solve this is to use an experimental survey design, confronting councillors in a multi-purpose local government setting with spending and cutting scenarios simultaneously. Such a survey experiment is the empirical backbone of this article. The results show that cutting and spending follow different logics. Policy areas with well-organised interests gain in a spending scenario, whereas areas with low deservingness lose in a cutting scenario. Furthermore, the politicians try to avoid blame by making cuts in vague categories. Ideology matters, as left-wing councillors prefer more vague categories when they cut, while right-wing councillors prefer to make cuts to the administration. Across the left-right

scale, however, there is little difference between the core welfare areas when the economy is shrinking.

Theory and the asymmetric expectations of spending and cutting

It is a fundamental proposition in political science that welfare state retrenchment is a distinct process, which is unlikely to follow the same rules as welfare state expansion. Welfare state retrenchment requires elected officials to pursue unpopular policies for which they are likely to be evaluated by organised interests and ultimately by the electorate. In contrast, the expansion of the welfare state was the enactment of popular policies in an undeveloped interest-group environment. Hence, retrenchment is more an exercise in blame avoidance than credit claiming (Pierson 1994, 143–144, Nielsen and Bækgaard 2015). One way to avoid electoral punishment is to make it difficult for voters to blame the politicians responsible. Thus, those favouring cutbacks will attempt to lower the visibility of cuts (*ibid.*) or increase the justification of the cuts made (Green-Pedersen 2002; McGraw 1990). In line with this, cuts are more likely to be made where they are less visible or can be justified. The retrenchment literature has devoted less attention to where new spending will be placed empirically, but the logic of collective action applies to cutting as well as spending (Olson 1973). Concentrated interests are likely to be in a stronger political position than diffuse ones, and if interests are concentrated it becomes more likely that individuals will find it worthwhile to engage in collective action and group formation mobilising for increased funds as well as against budget cuts (Olson 1973; Wilson 1980; Serritzlew 2005). Combining insights from the literature on retrenchment, political psychology and public budgeting, we argue that the distribution of cutting and spending across policy areas depends on the vividness and deservingness of the policy area, on the one hand, and on the budgetary tractability on the other. The overall argument is illustrated in Figure 1 and developed in the text below:

- In times of economic expansion, tractability is a dominant policy dimension; the lower the tractability, the greater the likelihood of increased spending.
- In times of economic retrenchment, deservingness is a dominant policy dimension; the lower the deservingness, the greater the likelihood of cutting.

[Figure 1]

Vividness and deservingness

Blame avoidance occurs when politicians deliberately distort or hide their connections to unpopular policies to avoid electoral punishment (Weaver 1986). While some such strategies concern the legislative design via visibility, timing and division (Pierson 1994), there are also blame avoidance strategies relating to how politicians present cuts to the public based on excuses and justifications (McGraw 1990; Green-Pedersen 2002). At the core, these strategies are pursued because some cuts are seen as more or less just than others. This raises the question about who the deserving groups are (Oorschot 2000) and, following from this, which policy areas can be justified to cut and which are seen as deserving when new money is being spent.

Judgements on deservingness occur in a social context that involves norms and beliefs about rights and obligations and about behaviours as being acceptable or unacceptable, and there are normative systems which emerge codified as law which define what people are entitled to (Feather, 2006). Thus when we talk about deservingness, the question essentially is if people are being seen as deserving benefits from the welfare state. When judging whether this is the case, important criteria are whether services are provided to ‘our kind of people’, or for ‘well behaving’ people (Deacon and Carr 2002). If welfare recipients are seen as able to work but not making enough effort, they are perceived as undeserving, whereas if they are seen as the unlucky victims of

external circumstances, they are viewed as deserving and welfare is supported (Petersen et al. 2012). Following this, welfare services for children are likely to be perceived as more deserved than such services for adults. Even if a constructivist perspective shows that the deservingness of the target group is a social construction (Schneider and Ingram 2005, 19) and that unemployed persons are increasingly seen as non-deserving (Cox 2001), empirical research also shows that common understandings of deservingness are found across countries and social categories among Europeans (Oorschot 2006) and across the Atlantic (Petersen et al. 2012). It is thus found that elderly people are seen as most deserving, closely followed by the sick and disabled, while the unemployed are seen as less deserving still and immigrants as least deserving (Oorschot 2006).

Insights from political psychology regarding the effect of vividness also contribute to our understanding of deservingness, as they show that individuals pay disproportionate attention to concrete and vividly displayed events (Lippmann 1922, Zillmann 1999). Thus, vividness attracts and holds our attention and excites the imagination to the extent that it is: “(a) emotionally interesting, (b) concrete and imagery-provoking, and (c) proximate in a sensory, temporal or spatial manner” (Nisbett and Ross 1980, 45). The importance of vivid descriptions has been shown in studies comparing the framing effect of episodic and thematic frames. Episodic frames put a human face on political issues and will therefore be more emotionally engaging than thematic frames that stress general trends and statistics (Gross 2008). In line with this, Aarøe (2011) finds that episodic frames impact citizens’ perceptions of social policy stronger than thematic frames. These findings point to the broader notion that more concrete and vivid information has a greater impact on attitudes and behaviour than more abstract information (Pettus and Diener 1977). There is thus reason to expect that it will be more difficult to cut services directed to concrete people than to abstract and faceless categories such as administration and roads. This idea has also found support in studies of citizens’ responses to performance information. For instance, Olsen (2015) finds that citizens have a stronger

emotional response to a vivid, single-case description than to a statistic illustrating the exact same problem. Here, we expect that vivid and deserving policy area labels can have a similar effect. Going forward we stress both concepts as our experiment does not allow us to separate them.

Tractability and organised interests

Public budgeting is a process of overwhelming complexity involving a variety of different actors with different – and often clashing – motivations and goals (Wildavsky 2002, 12; Rubin 2010, 11). Budget guardians and advocates within and around the political assembly play a mixed-motive game in order to influence the size of the budget and its allocation for various purposes (Wildavsky 2002; Rubin 2010). In this intrinsically political game of allocating resources, the distribution of the costs and benefits of the service as well as the organisational strength of user interests and employees have implications for the relative budgetary tractability of the policy areas (Wilson 1980; Serritzlew 2005). When costs are distributed and benefits concentrated, the budgetary tractability of the policy area is low and client politics becomes a likely result (Wilson 1980). In this case, the users have a strong incentive to organise and, hence, cuts are politically difficult to carry out and mobilisation for increasing appropriations will be likely in a spending scenario.

Parents to children in schools and childcare institutions constitute well-defined groups, which are fairly easy to organise (Serritzlew 2005). While the elderly have traditionally been more difficult to mobilise, this is changing as life expectancy is rising, the group is growing and generally enjoying better health. Eldercare has thus become an area with medium to strong interests. The target groups for public libraries and culture have different interests and tend to mobilise less, and the same is the case for roads – at least where there is a high population density, there are not any target groups that depend on spending on roads (Serritzlew 2005, 417). It is not just the target groups, however, but

also the organisation of producer groups that may affect the ability to manage budgets and keep spending increases low in a policy area. Serritzlew (2005) argues that employees also have incentives to advocate for supplementary appropriations. If wages make up a large part of total expenditures, employees will be more directly affected if funds are running low. Here, teachers and childcare personnel are well-organised, while employees in other policy areas are less organised. Thus, schools and childcare are the less tractable policy areas together with eldercare. Roads and public libraries are more tractable, as producer groups are weaker and the target groups more difficult to organise (Serritzlew 2005).

Policy areas thus differ across two dimensions: The tractability of the policy area and the deservingness of the target group, keeping in mind that tasks, tractability and deservingness vary across time and country settings. The logic is illustrated in Figure 2 by a present classification of 10 core policy areas of the multi-purpose local governments of Denmark.

[Figure 2]

From a political point of view, budgetary decision making entails a negativity bias (Kahneman and Tversky 1979; Heald and Hood 2014) in the sense that people are generally more conscious of lost privileges than gained privileges, which leads to the proposition that politicians will be punished harder for cutting than they will be rewarded for spending. When the electorate perceives cuts stronger than spending increases, there is reason to try to hide cuts and assign them to vague categories. If politicians are vote-maximisers, there will accordingly be an asymmetry between how politicians allocate resources in cutting and spending scenarios, depending on the number of potential votes to lose or gain, respectively. Cutting and spending can be expected to be two different worlds. Firstly, if budget cuts affect user groups that are seen as highly deserving, they will be difficult to

make and spending will be more rewarding. Second, if budget cuts only affect a small or weakly organised user group, they will be easier to make and spending will be less rewarding in terms of the political support from the electorate. But cuts will be difficult to make when user groups are powerful and constitute a larger fraction of the population while spending in this case will be rewarding, as it appeals to a large group of voters. In this situation, the policy areas have low tractability, as expenses are difficult to control (Serritzlew 2005). Policy areas with weakly organised interests are less likely to be able to attract increased spending, but if their deservingness and vividness are high, politicians may avoid making cuts to the areas and instead prefer more vague areas where blame avoidance strategies are likely to be more effective.

This leads to the following expectations:

H₁: In a spending scenario, tractability is the dominant dimension: policy areas with low tractability will attract more spending, while this is less the case for areas with high deservingness combined with high tractability.

H₂: In a cutting scenario, deservingness is the dominant dimension: Policy areas with vague target groups and low deservingness will receive cuts, while this is less the case for areas with low tractability as well as for areas with high deservingness.

In sum and applied to the specific policy areas in Figure 2, the policy areas in the upper left corner are most likely to attract increased spending in times of economic expansion, whereas policy areas in the lower right corner are most likely to be cut in times of retrenchment.

We will also investigate how ideology moderates how politicians go about spending and cutting. The role of ideology is contested in the retrenchment literature. On one hand, emerging studies suggest that governments are less constrained in pursuing their ideologies than originally

assumed in the retrenchment literature and that retrenchment often takes place under the lead of right-wing governments (Korpi and Palme 1998; Allan and Scruggs 2004; Elmelund-Præstekær and Emmenegger 2013). On the other hand, there are also studies that demonstrate that social democratic governments have changed their positions on welfare state reform – particularly regarding which groups are seen as deserving welfare state benefits (Cox 2001). Thus, it is still a central research question how the politicians face the task of cutting and spending and how political ideology matters in this regard.

Context, method and data

The setting of local governments in Denmark is well-suited for studying budgetary behaviour among politicians. The Danish public sector is among the most fiscally decentralized among the OECD countries (Thiessen 2003), and the multipurpose local governments are responsible for public schools, day care, elderly care, services for handicapped, drug abusers, and vulnerable children and families. In addition to these tax-financed welfare services the municipalities are also responsible for utility services like water supply, electricity, sewage and garbage collection. These services are however by law organised in municipal or inter-municipal companies, and the budgets are separated from the tax-financed services and therefore the utility services are not on the political agenda in budgetary negotiations in Danish municipalities. Current municipal expenditures totalled €57 billion in 2012 – almost half of the total public spending in Denmark, or 25 per cent of the gross domestic product (GDP). The political authority in local government rests with the city council, which consists of 9–31 councillors elected for a fixed four-year term. The standing committees have decision-making responsibility, and councillors are assigned to the committees according to a principle of proportionality. The mayor, who is elected by and among local councillors, is the head of the council and automatically also head of the mandatory finance committee. The council is respon-

sible for passing an annual budget for the coming fiscal year. In terms of the budgetary cycle, initial budget talks are held in the council in spring before the actual negotiations are carried out in the fall. The Danish constitution gives local governments the right to levy taxes, but a national tax stop has been in effect since 2001. The choice of increasing local taxes is therefore not a viable option if external shocks like economic downturn or grant reduction hit the local economy. The economic context of the analysis is an era of financial crises and implementation of a national sanction regime in 2011 on municipalities for overrunning the budgets (Foged 2015; Houlberg 2016). In the wake of these changes in fiscal environment, spending has been reduced by nearly 5 per cent from 2009 to 2014 and over the board cuts made in almost all service areas. Accordingly the cutting scenario is presently the empirically prevalent scenario and only a few municipalities are facing an overall spending scenario. No natural experimental framework is present and in order to test the effects of spending and cutting scenarios respectively a survey experiment was made. In general survey experiments may suffer from low external validity as they trigger respondents to choice-making in hypothetical experimental setups not necessarily corresponding to real world decision making (Barabas and Jerit 2010). In order to enhance external validity we designed the survey experiment to resemble real life budgeting to the largest possible extent, namely by a change in block grants. Grants are an important municipal revenue source and grant changes resemble real life budgeting of local councillors in two ways. First, each year the decision part of the municipal budget procedures awaits the July announcements of state grants for the individual municipality. Second, a major reform of the equalization scheme was implemented a year before the survey with the implication that some municipalities lost grants whereas others gained. Accordingly a change in block grants is not a hypothetical construct, but to a large extent resembles the conditions for local budgeting. The survey is described in further detail below.

Sample

In the spring of 2013, all 2450 Danish councillors were emailed a survey including numerous questions about their views on being local councillors and local political matters. Of these, 1033 responded to the survey, an overall response rate of 42 per cent. The spending/cutting questions were answered by 852 councillors, a response rate of 35 per cent for this particular question. The distribution of the survey respondents does not differ systematically from all 2450 local councillors on testable characteristics such as sex, party affiliation, size of municipality or regional location (see Pedersen et al. 2013, 11).

Design

Towards the end of the survey, we embedded a set of between-subject experimental conditions tapping the budgetary preferences of the councillors. Overall, the experiments investigate if politicians in a ‘spending type’ frame exhibit preferences, which are different from politicians in a ‘cutting type’ frame. The local councillors were randomly assigned to a budget task condition, caused by either an increase or reduction in block grants from the state. First, the conditions varied the budget task at hand (cutting or spending). Second, the spending increase scenarios and cutting scenarios also varied in terms of the amount by which the block grant was increased/reduced (five different amounts) and if the change was framed in terms of per cent or per capita amount. The per cent levels varied in increments of two per cent, from 2 to 10 per cent, while the per capita amounts varied from DKK 1000 to 5000 in increments of DKK 1000. The variations in the size of the grant change intended to test whether preferences for cutting and spending depend on the degree to which smaller cheese-slicing cuts (or incremental increases) are possible or more radical strategies will have to be applied (Pollitt 2010; Heald and Hood 2014). In total, each councillor was assigned to one of 20 conditions; that is, 2 (spending/reduction) \times 2 (per cent/DKK) \times 5 (levels of change). In

the analysis, we rely on the randomisation of format (DKK/per cent) and the level of spending/cutting as a robustness check to evaluate the sensitivity of the results to important changes in the scenarios. The wording for each treatment condition can be found in the Appendix.

Dependent variable

Following the scenarios, the local councillors were asked to allocate the spending increase/reduction among ten major municipal policy areas. The ten policy areas were the ten areas presented previously in Figure 2. For each policy area, the councillors were asked to provide a percentage amount of the spending increase/reduction which should be allocated to each area. The councillors could provide any number for each item as long as the total distributed to all items totalled exactly 100 per cent. If the amount did not sum to 100, the respondent was informed about how much the current total amount differed from 100.

Results and discussion

Table 1 shows the means, standard deviations and median responses for the cutting and spending frames, respectively. Generally speaking, administration stands out with higher average cuts and lower average spending. The differences are less pronounced for the other categories. This becomes particularly clear for the spending frame where the median spending preference is 10 per cent for seven of ten areas. One possible interpretation of this is a notion of ‘fair share’, where there is a convergence among most policy areas about how budget increases and decreases should be allocated (Wildavsky 1964, 17). Another point is the variation among the areas between the cutting and spending frames. The plots highlight greater variation for the cutting frame than the spending frame.

[Table 1]

Overall, councillors want to make the largest cuts to the administration (21.3%) and to allocate the least new spending to this area (1.1%). In contrast, the policy areas of ‘vulnerable adults and disabled’ and ‘vulnerable children and youth’ are the ones that the councillors want to cut the least (only 4–5%). They want to allocate the greatest spending to schools (17.7%). While the average for the policy area ‘Other’ is 13 per cent for cuts, only 5.5 per cent of new spending is used here. We take this as evidence of a preference for unspecific and vague cuts, while new spending preferably should be targeted and specific. These findings are in line with the notion that the vividness of a spending item guards it against cuts, but does not increase spending compared with less vivid items. Generally, we see more variation in the cutting scenario than for the spending scenario if we shy away from the outlier categories. The ‘vulnerable’ areas see the lowest cuts, while the major services areas ‘childcare’, ‘eldercare’ and ‘schools’ are in a middle category with around 7–8 per cent cuts. The categories ‘roads’, ‘sports and culture’ and ‘unemployment services’ are in a group of areas with relatively similar, high cutting averages ranging from 10–11 per cent.

[Figure 3]

The mean results for spending and cutting are shown in Figure 3. We expected cuts to be small and spending to be high for schools, childcare and eldercare, because the tractability in these policy areas is low and deservingness relatively high (H_1). Figure 3 shows that these three policy areas fall in a group where the preferences for spending are among the highest and preferences for cutting relatively low, but the results also show that cutting and spending are not perfectly correlated. Even if the preferences for cutting are low in these areas, they are comparatively lower for policy areas with vulnerable children and vulnerable adults. This is likely due to the high deservingness of ‘vulnera-

ble' children and adults; these labels evoke vivid images of categories of highly deserving welfare recipients. We expected cuts as well as spending to be small for vulnerable children and adults (H_2). That which is particularly interesting about this group is the asymmetric distribution between cutting and spending. Even if these areas are clearly those where politicians have the lowest preferences to cut, they do not stand out as the areas receiving the most spending. This might be due to the politicians not wanting to cut areas that are perceived as very vivid and deserving, as doing so is perceived to be 'cruel'. Allocating spending is nevertheless a different story. The target groups in these areas fall behind when it comes to advocating the need for more spending. We expected the same pattern but with relatively stronger preferences for cuts to the unemployed and sports and culture (H_1). These are policy areas where tractability is high and deservingness relatively medium. Figure 3 shows that these two areas are quite similar, and significant differences do not exist between the preferences for cutting and spending in any of these areas. We expected cuts as well as spending to be low for administration and for roads, these being policy areas where tractability is high and deservingness low (H_2). This is confirmed for administration in particular, as the results show that politicians are much more willing to cut administration than roads.

Robustness of spending and cutting results to different amounts and formats

In the results presented above we pooled responses across the different treatment groups which varied the format of the spending/cutting (percentages vs. DKK) and the size of the forced spending/cutting (increments of two per cent from 2–10 per cent or per capita DKK amounts varied from DKK 1000–5000 in increments of DKK 1000). In Figures 4 and 5 below, we allow the mean spending and cutting to vary according to these different groups. Doing so will allow us to assess how robust the main results are to the format and amount of spending and cutting.

[Figure 4]

In Figure 4, the means are plotted for high and low amounts of cutting/spending. Low amounts are defined as treatment scenarios, with a cutting/spending amount of 4 per cent and less or DKK 2000 and less. The figure shows very little variation in responses for high and low amounts. This highlights how our main results are very robust and hold for scenarios with both low and high amounts of spending and cutting. For the case of per cent vs. DKK (money) format, we also see very little variation in Figure 5. Our main results do not seem driven by the specific framing of the spending/cutting scenario. Overall, the main results seem very robust to important changes in the scenarios.

[Figure 5]

The role of ideology when politicians face the task of cutting or spending

Finally, Figure 6 reports on the results concerning ideology and spending/cutting preferences. The coefficients can be compared directly, as they show the change in percentage points on cutting/spending for a one unit change on the ideology scale (0 = most left-wing and 10 = most right-wing). The 95 per cent confidence interval crossing '0' indicates that there is no difference in spending preference for different ideological positions. Coefficients and confidence intervals are estimated with linear ordinary least square models which estimate spending and cutting preferences in each area using the ideology variable and not controlling for other factors. Positive values indicate that more right-wing councillors will spend/cut more on the area, while negative values indicate that left-wing councillors will spend/cut more). The results show that ideological position,

when measured on an 11-point scale, makes a difference to spending preferences, but that the differences are quite small. Right-wing councillors allocate less spending to childcare ($p < 0.01$), administration ($p < 0.05$), unemployment services ($p < 0.05$) and vulnerable adults ($p < 0.01$) while allocating more spending on roads ($p < 0.01$).

[Figure 6]

There are also some ideological differences for cutting. The association between right-wing ideology and a preference for making cuts to administration ($p < 0.01$) can be seen as a preference for less 'state' and bureaucracy. The general picture is that that right-wing ideology is not associated with stating preferences for making cuts to welfare services. It should be noted, however, that there is no possibility of stating preferences for tax cuts. If the right-wing councillors are given the choice between making cuts to the state and cutting away welfare services, they prefer to make cuts to the state; they strongly prefer to make cuts to administration. And in line with their preferences for spending right-wing councillors cut significantly less on roads ($p < 0.01$). The results also show that left-wing councillors are more prone to use the vague category 'other' policy areas when facing the task of cutting ($p < 0.05$).

In sum, the central finding is that policy areas in which councillors want to avoid making cuts are not necessarily also the areas to which they want to allocate new spending. One explanation for this may be the classical asymmetry whereby the cost of gaining a vote is three times higher than that of losing a vote. Thus, votes may be lost by making cuts to the vulnerable groups that have few voters but which mobilise sympathy against cuts, because they are seen as deserving or vivid and because organised interests may articulate this, even if the voters in these groups are

less resourceful. However, the potential for gaining votes is higher by allocating funding to policy areas with a higher number of potential voters, and here schools top the voters' agenda (Hjelmar and Hansen, 2013).

One might question how an experiment like this can supplement insights gained in the retrenchment literature. The retrenchment discussion addresses how politicians make cuts in real life and the strategies they employ for making cuts less visible to the voters. Thus, the politicians try to make budget cuts less visible in order to avoid being punished by the voters. However, the politicians are asked to state their preferences for making cuts/or spending in an anonymous survey, which is different from carrying out spending or cutting in real life. Potentially, it could be a 'free lunch', because in contrast to real life the voters will never get the chance to hold the politicians responsible. One might expect this to produce more radical answers. For instance, right wing politicians could be expected to state preferences that are more in line with their original ideological commitment to a minimal state when they do not have to fear being sanctioned by the voters. On the other hand, the size of the block grants are changed on an annual basis, so it is very close to a real life situation, and the councillors answering the survey question have often faced the same question in real life situations. The survey was run in 2013 towards the end of a four-year election period. In the Danish municipalities this has been a time of austerity, and the councillors have regularly been forced to make cuts. On that background, even if it is a hypothetical question in the survey, it is a situation that has been a very real part of their work as politicians for the last four years. Experimental designs have their major strength in the possibility to make causal claims, while external validity is the general weakness in this design. This being said, the experiment reported here comes closer to a real life situation than most.

Conclusion

The allocation of resources is possibly the most central task politicians have, as it is essentially defining to politics understood as the question about who should get what, when and how (Laswell 1936). This article set out to tap into this question, using an experimental survey design to probe the preferences of local councillors regarding cutting and spending. Thus, the central questions are where do politicians prefer to make cuts, where do they prefer to spend, and how is this influenced by political ideology?

The results support the expectation that the stated preferences depend on the tractability of the policy area and the deservingness of the target group. In a spending scenario, low tractability and well-organised interests are important in order to attract new spending. Thus, schools, childcare and eldercare are areas which receive the largest share of new spending.

In a cutting scenario, the results show that vague categories and groups with low deservingness will receive higher cuts, while this is less so for areas with low tractability and well-organised interests as well as for areas with high vividness and deservingness. The experiment provided strong evidence of the proposition that vivid and deserving spending categories are cut less often than vaguer and less vivid and deserving spending items. Councillors were more than twice as likely to cut spending in the 'other' category than to allocate new spending. Vulnerable children and youth and vulnerable adults are the policy areas that receive the least cuts, but they do not receive the most spending. This is likely due to the high vividness of these policy areas and the relatively weakly organised interests. Considering unemployment and sports/culture, there is little difference between cutting and spending. These areas have a relatively lower vividness and low tractability. Administration stands out as the area that receives the least funds and largest cuts. This is in line with the expectation, as the vividness and deservingness are very low here.

We also expected that, due to the asymmetric distribution of interests and the negativity bias, cutting and spending are fundamentally different scenarios for a politician. Our key findings

are in accordance with these expectations: First, for the case of the cutting scenario, councillors preferred to avoid cuts in the more vividly described areas for vulnerable groups, while large cuts were handed out to more vague categories of ‘administration’ and ‘other’. In the spending scenario, ‘schools’ stood out as the policy area receiving most funds while the ‘administration’ gained the least. Second, there was generally more variation among the areas in the cutting frame than in the spending frame. Third, another finding is that preferences for avoiding cuts are only partially reflected in preferences for new spending on the very same areas. This highlights how preferences against cutting and preferences for new spending are to some extent separate worlds. We cannot automatically expect that a policy area in which politicians seek to avoid having to make cuts is also an area in which politicians will seek to increase the spending if possible.

In the retrenchment literature, the role of ideology is much discussed. The most central question has been if right-wing governments are able to cut back welfare state services. Due to data availability, we cannot analyse if right-wing councillors actually have a higher preference for cutbacks. But we can analyse the role of ideology in relation to policy areas. The results showed that left-wing ideology is positively correlated with the propensity to cut spending on the ‘other’ category; that is, that left-wing politicians seek more vague categories when making cuts. Ideology makes very little difference to the core welfare services when cuts must be made. Here, the main difference is that right-wing councillors indicate higher preferences for making cuts to administration. The survey did not make it possible to state preferences for lowering taxes, but the preference for making cuts to administration can be seen as an indication of ideological preferences for cutting back the state.

These findings point to an agenda for future research. Empirically, it is relevant to see if these asymmetric distribution of preferences for cutting and spending can be seen as an asymmetric distri-

bution in the cutting and spending across the welfare services, as this is essential to our understanding of who gets what, when and how. In line with this, methodologically, an important next step is to investigate the external validity of survey experiments in this field. Theoretically, a next step would be to integrate the concepts of tractability and deservingness in a coherent theoretical framework expanding on the compatibility of the approaches in terms of ontology and model of man.

References

- Aarøe, L., 2011. "Investigating Frame Strength: The Case of Episodic and Thematic Frames." *Political Communication* 28 (2): 207–226.
- Allan, J. P., and L. Scruggs. 2004. "Political Partisanship and Welfare State Reform in Advanced Industrial Societies." *American Journal of Political Science* 48 (3): 496–512.
- Barabas J. and Jerit, J. 2010. "Are Survey Experiments Externally Valid?" *American Political Science Review* 104 (2): 226-242
- Bozeman, B. 2010. "Hard Lessons from Hard Times: Reconsidering and Reorienting the "Managing Decline" Literature." *Public Administration Review* 70 (4): 557-563.
- Cox, H. 2001. "The Social Construction of an Imperative." *World Politics* 53 (3): 463–498.
- Deacon, A., and S. D. Carr. 2002. *Perspectives on Welfare*. Philadelphia, USA: Open University Press.
- Elmelund-Præstekær, C., and P. Emmenegger. 2013. "Strategic Re-Framing as a Vote-Winner: Why Vote-Seeking Governments Pursue Unpopular Reforms." *Scandinavian Political Studies* 36 (1): 23–42.
- Feather, N.T. 2006. *Values, achievement, and justice: Studies in the psychology of deservingness*. New York: Kluwer Academic.
- Foged, S.K. 2015. "En effektevaluering på danske kommuners regnskaber, 2010-2013" [An Effect Evaluation of the Accounts of Danish Municipalities 2010-2013], *Økonomi & Politik* 88 (1): 57-75
- Green-Pedersen, C. 2002. *The Politics of Justification: Party Competition and Welfare-State Retrenchment in Denmark and the Netherlands from 1982 to 1998*. Amsterdam: Amsterdam University Press.
- Gross, K. 2008. "Framing Persuasive Appeals: Episodic and Thematic Framing, Emotional Response, and Policy Opinion." *Political Psychology* 29 (2): 169–192.
- Heald, D. and C. Hood. 2014. "The Politics of Fiscal Squeeze." In Hood C., D. Heald and R. Himaz (ed.) *When The Party's Over*, 3-25. Oxford, UK: Oxford University Press
- Hjelmar, U., and S. W. Hansen. 2013. *Lokalpolitik og borgere* [Local Politics and Citizens]. Copenhagen: KORA, The Danish Institute for Local and Regional Government Research.
- Houlberg, Kurt 2016. "Økonomiske konsekvenser af kommunalreformen" [Economic Effects of the Municipal Reform]. *Tidsskriftet Politik* (forthcoming)
- Kahneman, D., and A. Tversky. 1979. "Prospect Theory: An Analysis of Decision under Risk." *Econometrica: Journal of the Econometric Society* 47 (2): 263–291.

- Korpi, W., and J. Palme. 1998. "The Paradox of Redistribution and Strategies of Equality: Welfare State Institutions, Inequality, and Poverty in the Western Countries." *American Sociological Review* (1998): 661–687.
- Laswell, H. 1936. *Who gets what, when and how*. New York: Whittlesey House.
- Lippmann, W. 1922. *Public Opinion*. Lexington: Feather Trail Press.
- McGraw, K. M. 1990. "Avoiding Blame: An Experimental Investigation of Political Excuses and Justifications." *British Journal of Political Science* 20 (1): 119–131.
- Nielsen, P. A., and M. Bækgaard. 2015. "Performance Information, Blame Avoidance, and Politicians' Attitudes to Spending and Reform: Evidence from an Experiment." *Journal of Public Administration Research and Theory* 25 (2): 545–569.
- Nisbett, R. E., and L. Ross. 1980. *Human Inference: Strategies and Shortcomings of Social Judgment*. Englewood Cliffs, NJ: Prentice-Hall.
- Olson, M. 1973. *The Logic of Collective Action: Public Goods and the Theory of Groups*. Cambridge: Harvard University Press.
- Olsen, A. L. 2015. "Human Interest or Hard Numbers? Experiments on Citizens' Selection, Exposure, and Recall of Performance Information." *Public Management Research Conference (PMRC)*, Minneapolis, MN, June 11–13.
- Oorschot, W. v. 2000. "Who Should Get What, and Why? On Deservingness Criteria and the Conditionality of Solidarity among the Public." *Policy & Politics* 28 (1): 33–48.
- Oorschot, W. v. 2006. "Making the Difference in Social Europe: Deservingness Perceptions among Citizens of European Welfare States." *Journal of European Social Policy* 16 (1): 23–42.
- Pedersen, L. H., K. Houlberg, S. W. Hansen, A. L. Olsen, and M. J. Bordacconi. 2013. *Lokalpolitikeres rolle og råderum* [The Role and Scope of Action of Local Politicians]. Copenhagen: KORA, The Danish Institute for Local and Regional Government Research.
- Petersen, M. B., D. Sznycer, L. Cosmides, and J. Tooby. 2012. "Who Deserves Help? Evolutionary Psychology, Social Emotions, and Public Opinion about Welfare." *Political Psychology* 33 (3) (06): 395–418.
- Pettus, C., and E. Diener. 1977. "Factors Affecting the Effectiveness of Abstract versus Concrete Information." *The Journal of Social Psychology* 103 (2): 233–242.
- Pierson, P. 1994 *Dismantling the welfare state?: Reagan, Thatcher and the politics of retrenchment*. Cambridge University Press.
- Pollitt, C. 2010. "Cuts and reforms – Public services as we move into a new era." *Society and Economy* 32 (1): 17–31.

- Rubin, I. S. 2010. *The Politics of Public Budgeting: Getting and Spending, Borrowing and Balancing* (6th edn.). Washington: CQ Press.
- Schneider, A. L., and H. M. Ingram. 2005. "Introduction: Public Policy and the Social Construction of Deservedness." In *Deserving and Entitled: Social Constructions and Public Policy*, edited by A. L. Schneider and H. M. Ingram. Albany: State University of New York Press.
- Serritzlew, S. 2005. "Breaking Budgets: An Empirical Examination of Danish Municipalities." *Financial Accountability & Management* 21 (4): 413–435.
- Thiessen, U. 2003. "Fiscal Decentralisation and Economic Growth in High-Income OECD Countries." *Fiscal Studies* 24: 237–274.
- Weaver, R. K. 1986. "The Politics of Blame Avoidance." *Journal of Public Policy* 6 (4): 371–398.
- Wildavsky, A. 1964. *The Politics of the Budgetary Process*. Boston: Little, Brown and Company.
- Wildavsky, A. 2002. *Budgeting: A Comparative Theory of Budgetary Processes* (2nd rev. edn., 4th print). New Brunswick, NJ: Transaction Publishers.
- Wilson, J. Q. 1980. "The Politics of Regulation." In *The Politics of Regulation*, edited by J. Q. Wilson (ed.). New York: Basic Books.
- Zillmann, D. 1999. "Exemplification Theory: Judging the Whole by Some of Its Parts." *Media Psychology* 1 (1): 69–94.

Appendix

Table A1. Municipal policy areas, tractability and the nature of the target group

Policy area	Tractability					Deservingness
	Benefits concentrated	Target group easy to organise	Wages' share of expenditures 2014	Labour union strong/unit ed	Overall Tractability	
Schools	Yes	Yes	High: 72%	Yes	Low	High
Childcare	Yes	Yes	High: 78%	Yes	Low	High
Eldercare	Yes	To some extent	Medium: 65%	To some extent	Low (medium)	High
Vulnerable children and youth	Yes	No	Low: 40%	To some extent	Medium	High
Vulnerable adults and disabled	Yes	No	Low: 42%	To some extent	Medium	High
Unemployment services	Yes	No	Low: 38%	To some extent	Medium	Medium
Sports and culture	No	No	Low: 45%	To some extent	High	Medium
Roads	No	No	Low: 36%	No	High	Low
Administration	No	No	High: 76%	To some extent	High	Low

In Table A1, the classification of tractability for schools, childcare, eldercare, culture and roads is made in accordance with Serritzlew (2005), but it has been updated with the wage shares of the present budgets. The last four policy areas were not covered by Serritzlew, classified instead according to the same logic; that is, a classification of the tractability based on the overall evaluation of the concentration of benefits, the ease of organising the target group, the wage share and the strength of the labour union within the policy area.

The classification of deservingness is based on Oorschot (2006), which ranks eldercare and the disabled equally high in Denmark, while the unemployed have a medium rank. The remaining policy areas are not part of his study, but children – and, hence, schools, childcare and services for vulnerable children – are classified as highly deserving and vivid, while roads and particularly administration are seen as having a low vividness.

Table A2. Outline of the Experiment. The Percentage variant¹

A. Spending frame	B. Cutting frame
The state block grants to municipalities are often changed.	
A. Imagine that the block grant to your municipality is increased by an amount corresponding to 2%/4%/6%/8%/10% of the municipality's revenue.	B. Imagine that the block grant to your municipality is reduced by an amount corresponding to 2%/4%/6%/8%/10% of the municipality's revenue.
<p>If it were not impossible to change the tax, how would you then distribute the extra money between the municipal expenditure areas?</p> <p>Provide a percentage amount for each option so that the total is 100 per cent. If you do not think that the expenditure for a given service should be increased, then provide a '0' for that service.</p>	

Note: ¹⁾ the experiment was also made in a version where the increase/reduction in grants was labelled by the exact amount in DKK (1000, 2000, 3000, 4000 or 5000 DKK per capita).

Tables

Table 1. Descriptive statistics for the two frames

Policy Area	Cutting frame (%), n = 399			Spending frame (%), n = 453		
	Mean	Std. dev.	Median	Mean	Std. dev.	Median
Schools	7.2	8.0	5	17.7	12.5	20
Childcare	6.6	5.7	5	11.0	8.7	10
Eldercare	8.2	8.7	10	12.4	9.7	10
Vulnerable children and youth	4.3	5.3	1.5	12.3	8.9	10
Vulnerable adults and disabled	5.5	5.6	5	9.5	7.2	10
Unemployment services	11.4	9.9	10	11.0	10.0	10
Sports and culture	11.0	10.1	10	10.3	8.8	10
Roads	10.6	9.5	10	9.0	11.1	10
Administration	21.3	18.4	20	1.1	3.5	0
Other	13.0	24.8	0	5.5	13.0	0

Figures

Figure 1. Overall theroretical argument

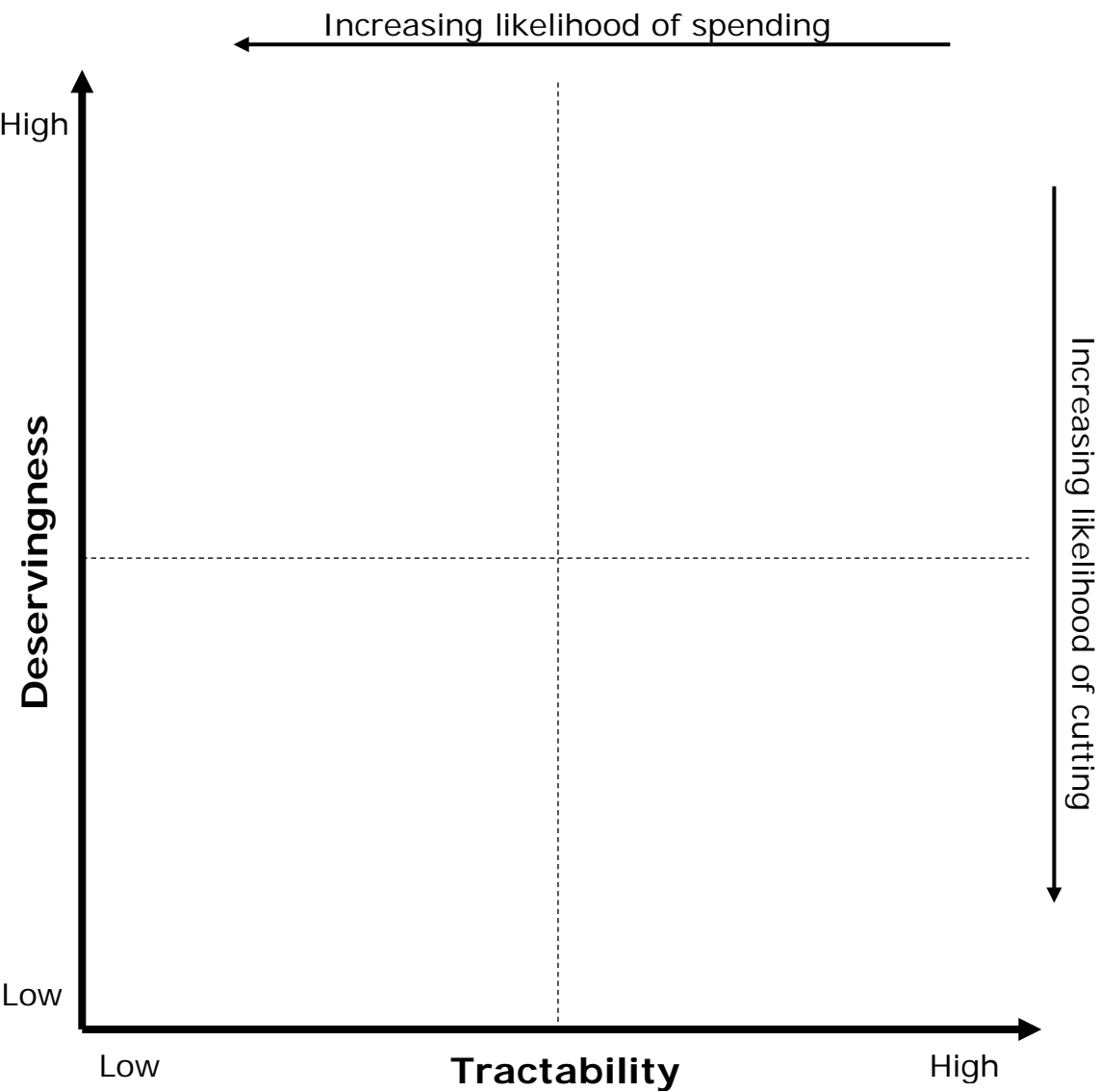
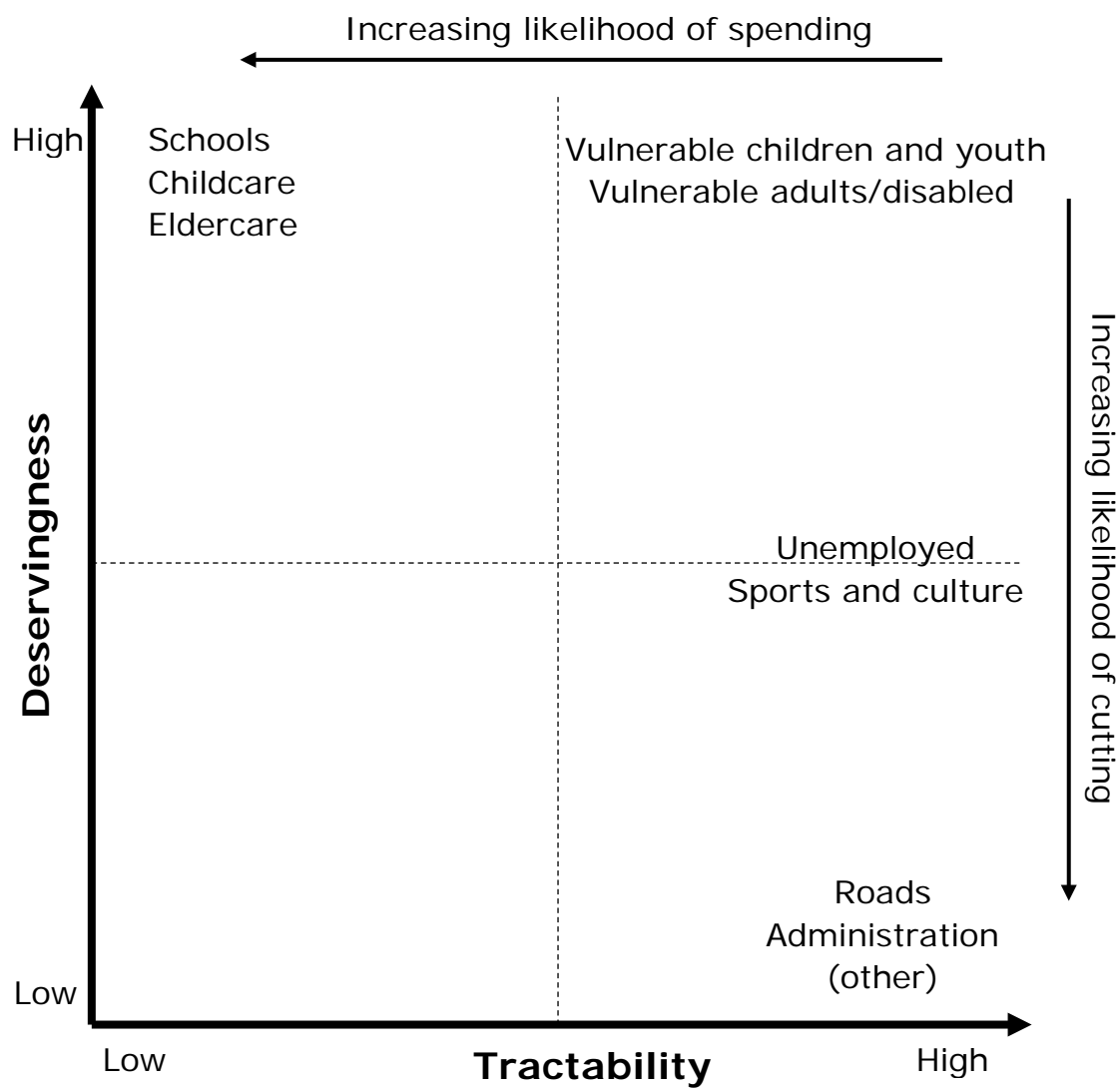


Figure 2. Policy area, tractability and deservingness



Note: see Appendix A1 for the classifications in greater detail.

Figure 3. Mean spending and cutting preferences across policy areas (with 95% confidence intervals)

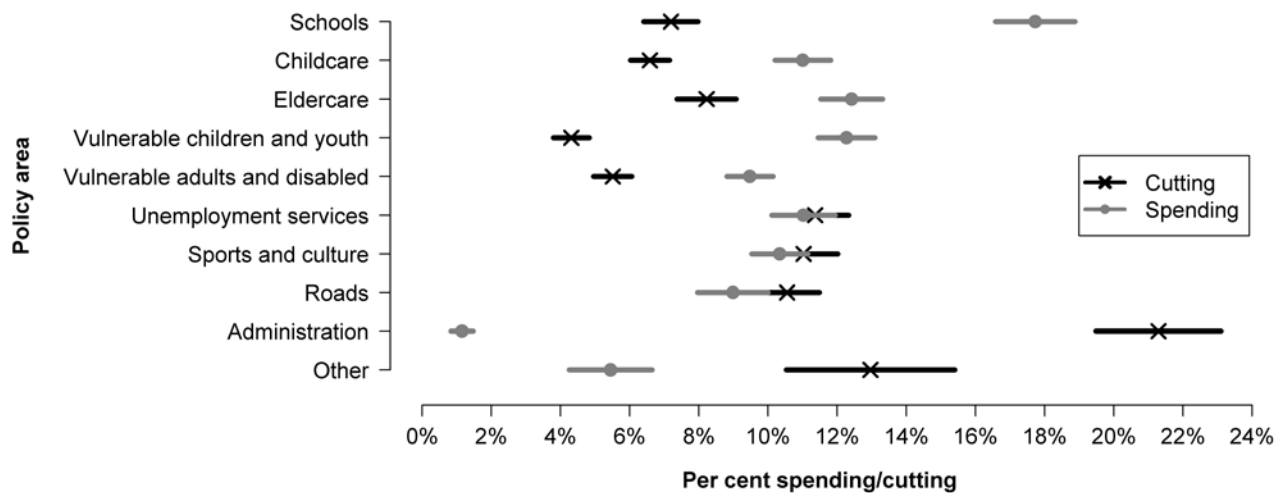


Figure 4. Mean spending and cutting preferences across policy areas for high and low amounts of spending/cutting (with 95% confidence intervals)

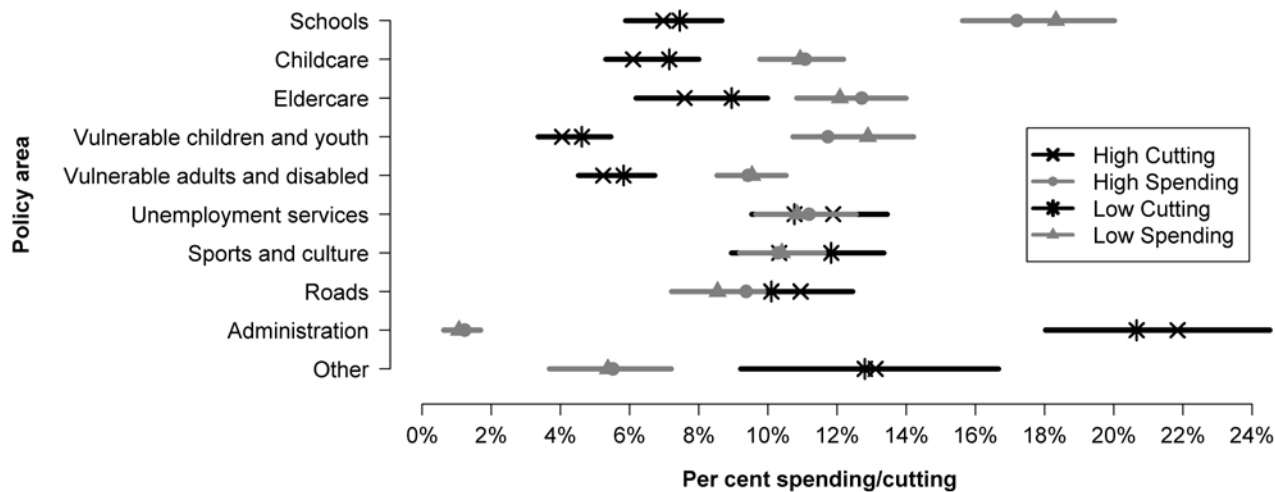


Figure 5. Mean spending and cutting preferences across policy areas and for spending/cutting presented as percentages or DKK (with 95% confidence intervals)

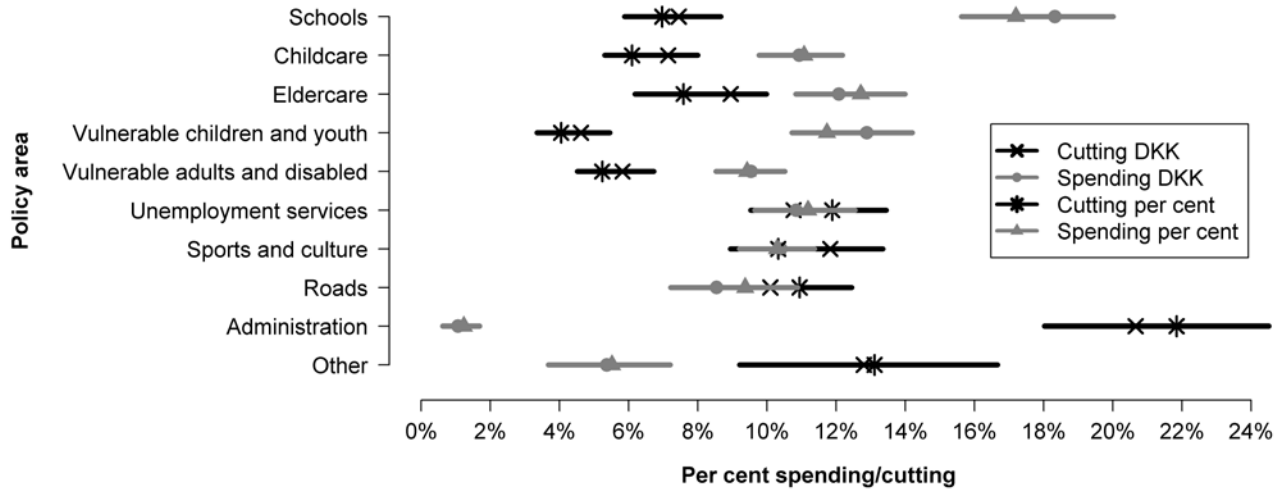
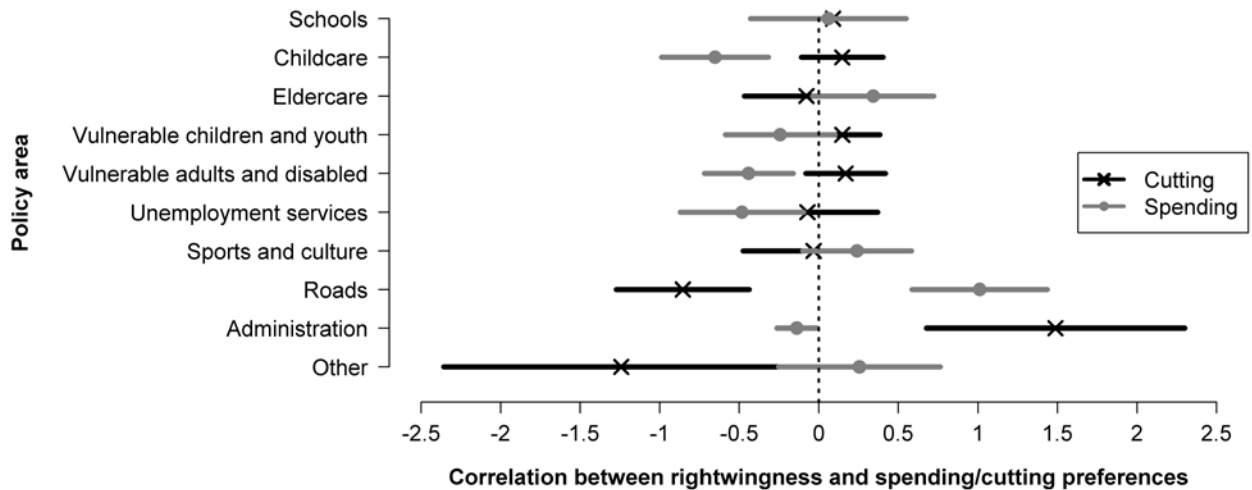


Figure 6. Correlation coefficients indicating ideological differences in spending and cutting preferences (with 95%-confidence intervals).



Note: Positive values indicate that more right-wing councillors tend to favour cutting/spending on a particular item. Negative values indicate that more left-wing councillors prefer cutting/spending on the area